

1 AN ACT relating to the regulation of electronic gaming devices and making an
2 appropriation therefor.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. KRS CHAPTER 239 IS ESTABLISHED AND A NEW
5 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

6 *As used in this chapter, unless the context suggests otherwise:*

7 *(1) "Commission" means the Kentucky Gaming Commission established pursuant to*
8 *Section 2 of this Act;*

9 *(2) "Control" or "controlling" means having the direct or indirect ability to direct*
10 *the management and policies of another person, whether through a financial*
11 *interest, an ownership interest, or otherwise. The following individuals shall be*
12 *deemed to have control of an entity:*

13 *(a) Officers and directors; and*

14 *(b) The chairperson and members of the board, or the head and members of*
15 *any other body exercising authority and responsibility over an entity's*
16 *affairs;*

17 *(3) (a) "Electronic gaming device" means a computerized device that:*

18 *1. Employs a monitor that has a display screen, software programs,*
19 *graphics board, graphics card, or any other necessary components*
20 *that give the monitor graphics capabilities for displaying and*
21 *manipulating pictures, words, numbers, or symbols;*

22 *2. Has a storage medium containing the source language or executable*
23 *code of a computer program that has graphic capabilities for*
24 *displaying on a monitor;*

25 *3. Allows a person, by inserting currency, coins, tokens or other similar*
26 *objects into the machine, or by otherwise making some payment of*
27 *consideration to make the machine available for the person to play;*

1 and

2 4. Allows a person playing the machine an opportunity to win:

3 a. Cash;

4 b. Play credits;

5 c. Tokens, tickets, vouchers; or

6 d. Other things that can be exchanged for cash or any other thing
7 of value; and

8 (b) "Electronic gaming device" does not include:

9 1. Any device approved and registered under the provisions of KRS 138.
10 510 to 138.550 and KRS Chapter 230;

11 2. Any device approved and registered by the Kentucky Lottery
12 Corporation under the provisions of KRS Chapter 154A;

13 3. Any device approved and registered under the provisions of KRS
14 Chapter 238;

15 4. Pin ball machines;

16 5. Automatic weighing, measuring, musical, and vending machines
17 which are designed and constructed to give a uniform and fair return
18 in value for each coin deposited and in which there is no element of
19 chance;

20 6. Crane or claw vending machines; and

21 7. Vending machines.

22 (c) A machine as described in paragraph (a) of this subsection is no less an
23 electronic gaming device because it is not in working order or because some
24 mechanical act of manipulation or repair is required to accomplish its
25 adaptation, conversion, or workability;

26 (4) "Local county government" means a county, charter county, consolidated local
27 government, unified local government, or urban-county government;

1 (5) "Location" means any establishment or place of business that possesses an
2 electronic gaming device for use on its premises;

3 (6) "Net proceeds" means the total amount wagered at each location less the total
4 amount of payout by location;

5 (7) "Operator" means a person engaged in the business of manufacturing,
6 designing, assembling, selling, leasing, or otherwise furnishing electronic gaming
7 devices, electronic computer components of such devices, and other gaming
8 supplies and equipment;

9 (8) "Truck stop" shall have the same meaning as KRS 281.767; and

10 (9) "Vending machine" means a mechanical or electronic device or receptacle
11 designed:

12 (a) To receive a coin, bill, token made for the purpose, or other form of
13 payment; and

14 (b) In return for the insertion or deposit thereof, automatically to offer, provide,
15 assist in providing, or permit the acquisition of property or service.

16 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
17 READ AS FOLLOWS:

18 (1) The Kentucky Gaming Commission is hereby created as an independent agency
19 of state government with the responsibility and authority to supervise and strictly
20 regulate all electronic gaming devices in the Commonwealth. The commission
21 shall be attached to the Public Protection Cabinet for administrative purposes.

22 (2) The commission shall consist of seven (7) members to be appointed by the
23 Governor and confirmed by the Senate as provided in KRS 11.160. Commission
24 members appointed during periods when the General Assembly is not in session
25 may assume the responsibilities of the position pending confirmation.

26 (3) The Governor shall designate one (1) member as chairperson, and the
27 commission shall elect one (1) of its members as a vice chairperson.

1 (4) Requirements for members of the commission shall be as follows:

2 (a) One (1) member shall be:

3 1. A certified public accountant licensed by the Commonwealth of
4 Kentucky or by another state or a public accountant qualified to
5 practice public accounting under the provisions of KRS Chapter 325;
6 and

7 2. Have at least five (5) years of progressively responsible experience in
8 general accounting and a comprehensive knowledge of the principles
9 and practices of corporate finance or possess the qualifications of an
10 expert in the fields of corporate finance, auditing, general finance,
11 gaming, or economics;

12 (b) One (1) member shall be selected based on his or her training and
13 experience in the fields of investigation, law enforcement, law, or gaming;

14 (c) Not more than five (5) members of the commission shall be registered
15 members of the same political party;

16 (d) Each member shall be a Kentucky resident at the time he or she is
17 appointed, shall have been a Kentucky resident for at least five (5)
18 consecutive years prior to his or her appointment, and shall remain a
19 Kentucky resident during his or her tenure as a member of the commission;

20 (e) To achieve regionally diverse representation, each congressional district
21 shall be represented;

22 (f) All persons appointed to the commission shall be of good moral character
23 and shall not have been convicted of, or under indictment for, a felony in
24 Kentucky, any other state, federal court, or foreign country; and

25 (g) No member of the commission, or any family member of a member of the
26 commission, at the time of appointment or during the member's tenure on
27 the commission, shall:

- 1 1. Be a member of the Kentucky General Assembly, a person holding any
2 elective office in the state government, or any officer or official of any
3 political party; or
4 2. Have any pecuniary or ownership interest in, engage in any loan or
5 credit transaction with, be employed by or hold a position with, or
6 have any ownership or managerial position in any business or
7 professional organization that provides goods or services to, engages
8 in line of credit transactions with, or otherwise does business with, any
9 licensee, or any other person engaging in a business relating to
10 gambling, the lottery, or any affiliate of any thereof.
11 (5) All commissioners appointed by the Governor shall serve a term of four (4) years
12 or until their successors are appointed and duly qualified.
13 (6) A commissioner shall not serve more than two (2) full terms, provided that a
14 commissioner that is appointed to an initial term of less than four (4) years may
15 serve two (2) full terms upon completion of the initial term.
16 (7) Commission vacancies shall be filled in accordance with the requirements
17 established in subsections (2) to (5) of this section.
18 (8) (a) The Governor may remove any commissioner for misfeasance, malfeasance,
19 or nonfeasance in office.
20 (b) The removal may be made after the member has had the opportunity for a
21 public hearing in accordance with KRS Chapter 13B, if requested.
22 (c) The member charged may request a public hearing. The request shall be in
23 writing and shall be submitted to the Governor's office within ten (10) days
24 of the service of charges upon the member.
25 (d) If a public hearing is timely requested, the hearing shall be held before a
26 hearing officer appointed by the Governor. The hearing officer shall make
27 findings of fact and conclusions of law based upon the record of the

1 hearing, and shall provide the Governor with a recommendation for action.
2 The Governor's final decision, after recommendation by the hearing officer,
3 may be appealed to the Franklin Circuit Court.

4 (9) Before assuming his or her duties, each commissioner shall:

5 (a) Take the constitutional oath of office, which shall be filed with the office of
6 the commission;

7 (b) Swear that he or she:

8 1. Has not been convicted of, and is not under indictment for, a felony in
9 Kentucky or in any other state, federal court, or a foreign country;
10 and

11 2. Is not actively engaged in, and does not own or hold a pecuniary
12 interest in any entity actively engaged in operating a gaming facility,
13 or supplying gaming supplies and equipment; and

14 (c) Agree in writing that he or she shall not be employed by, agree to be
15 employed by, or solicit employment from any gaming licensee, or any
16 person holding a license or permit issued pursuant to KRS Chapter 230
17 during his or her term as commissioner, and for a period of three (3) years
18 following the termination of his or her service as a member of the
19 commission.

20 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
21 READ AS FOLLOWS:

22 (1) The commission shall establish and maintain an office in Frankfort for the
23 transaction of its business and may:

24 (a) Establish one (1) or more branch offices; and

25 (b) Hold meetings at any of its offices or at any other place based upon
26 convenience to its members, staff, those it regulates, and the general public.

27 (2) A majority of the commission membership shall constitute a quorum for the

1 purpose of transacting business or exercising any of the powers delegated to the
2 commission under this chapter.

3 (3) A majority of the members present at any commission meeting at which a quorum
4 is present shall have the authority to act on behalf of the commission.

5 (4) All members shall be reimbursed for necessary travel and other reasonable
6 expenses incurred in the performance of their official duties.

7 (5) The commission shall hold at least one (1) meeting each month.

8 (a) The chairperson or a majority of the commission members may call a
9 special meeting; and

10 (b) A special meeting shall not be held earlier than seventy-two (72) hours
11 after written notice has been sent to each member.

12 (6) Commission records shall be open and subject to public inspection in accordance
13 with KRS 61.870 to 61.884 unless:

14 (a) A record is exempted from inspection under KRS 61.878;

15 (b) A record involves a trade secret or other legally protected intellectual
16 property or confidential proprietary information of the commission or of an
17 applicant, licensee, individual, or entity having submitted information of
18 such character to the commission, in which case, the portion of the record
19 relating to these subjects may be closed; or

20 (c) The disclosure of the record could impair or adversely affect the operational
21 security of the commission in the regulation of gaming facilities or could
22 impair or adversely impact the operational security of applicants or
23 licensees.

24 (7) Meetings of the commission shall be open to the public in accordance with KRS
25 61.800 to 61.850 unless the exceptions set forth in KRS 61.810 apply or the
26 meeting addresses trade secrets, confidential or proprietary information, or
27 operational security issues as described in (6)(c) of this section. In such a case,

1 the commission may meet in closed session and shall follow the procedures set
2 forth in KRS 61.815.

3 (8) Commission members shall be subject to all applicable provisions of KRS
4 Chapter 11A.

5 (9) The commission shall develop a process to ensure that all individuals seeking to
6 provide the commission with information relating to issues that will be discussed
7 at a public meeting have the means to do so.

8 (10) The Auditor of Public Accounts shall perform an annual audit of the
9 commission, a copy of which shall be sent to the Governor and the Interim Joint
10 Committee on Appropriations and Revenue.

11 (11) The commission shall submit a written annual report to the Governor and the
12 Interim Joint Committee on Appropriations and Revenue on or before July 1,
13 2024, and by July 1 of each year thereafter. The commission shall file any
14 additional reports requested by the Governor or the Interim Joint Committee on
15 Appropriations and Revenue. The annual report shall include the following
16 information:

17 (a) The receipts and disbursements of the commission;

18 (b) Actions taken by the commission; and

19 (c) Any additional information and recommendations that the commission
20 considers useful or that the Governor or the Legislative Research
21 Commission requests.

22 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
23 READ AS FOLLOWS:

24 (1) The commission shall promulgate administrative regulations pursuant to KRS
25 Chapter 13A to:

26 (a) Require annual audits, due by March 1, of the preceding fiscal year's
27 financial statements of all licensees regulated under this chapter;

1 **(b) Establish minimum standards for gaming licensees relating to effective**
2 **fiscal protection and control. The standards shall include provisions**
3 **relating to:**

4 **1. The safeguarding of assets and revenues;**

5 **2. The recording of cash and evidences of indebtedness;**

6 **3. The establishment of reliable records, accounts, and reports of**
7 **transactions, operations, and events, including reports to the**
8 **commission; and**

9 **4. The conduct of internal audits by qualified internal auditors or by**
10 **certified public accountants;**

11 **(c) Require periodic financial reports from each licensee regulated under this**
12 **chapter. These administrative regulations shall:**

13 **1. Establish standard forms for the reporting of:**

14 **a. Financial condition;**

15 **b. Operational results;**

16 **c. Gross gaming receipts and adjusted gaming receipts;**

17 **d. The amount of prizes paid during specific reporting periods; and**

18 **e. Other relevant financial information that the commission may**
19 **require; and**

20 **2. Establish a uniform code of accounts and accounting classifications to**
21 **ensure consistency, comparability, and effective disclosure of financial**
22 **information;**

23 **(d) Require annual audits of the financial statements of all licensees regulated**
24 **under this chapter in accordance with the following:**

25 **1. Independent accountants shall submit an audit report which shall**
26 **express an unqualified or qualified opinion or, if appropriate, disclaim**
27 **an opinion on the statements taken as a whole in accordance with**

1 standards for the accounting profession established by rules and
2 administrative regulations promulgated by the Kentucky State Board
3 of Accountancy, but the preparation of statements without audits shall
4 not constitute compliance; and

5 2. The examination and audit shall disclose whether the accounts,
6 records, and control procedures maintained by the gaming licensee
7 are in compliance with the requirements established by administrative
8 regulations promulgated by the commission;

9 (e) Define and limit:

10 1. The electronic gaming devices and gaming supplies and equipment
11 permitted for use in a location; and

12 2. The method of operation of these electronic gaming devices and
13 gaming supplies and equipment.

14 The electronic gaming devices and gambling supplies and equipment
15 permitted for a location shall be uniform for persons licensed under
16 this chapter; and

17 (f) Establish the application fee structure for the fee required in subsection (2)
18 (f) of Section 7 of this Act.

19 (2) Licensees shall maintain complete records required by this chapter during
20 the term of licensure and shall retain the records for five (5) years after the
21 surrender, nonrenewal, or other loss of licensure.

22 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
23 READ AS FOLLOWS:

24 (1) Commissioners shall not communicate ex parte or off-the-record with:

25 (a) Any applicant;

26 (b) Any affiliate of an applicant;

27 (c) Any person who has any direct or indirect interest in the outcome regarding

1 a pending application for a license; or

2 (d) The agent of any applicant, affiliate of an applicant, or person who has any
3 direct or indirect interest in the outcome regarding a pending application
4 for a license.

5 (2) If an ex parte or off-the-record communication occurs, the commissioner shall:

6 (a) Notify the chairperson of the occurrence in writing; and

7 (b) 1. Note the occurrence and place a copy of the communication in the
8 applicant's file if the communication was written; or

9 2. Create a memorandum of the substance of the communication if the
10 communication was oral and place it in the applicant's file.

11 (3) A commissioner receiving an ex parte or off-the-record communication may
12 voluntarily recuse himself or herself from any role in deciding the matter that is
13 the subject of the communication, and shall provide written notice of recusal to
14 the chairperson.

15 (4) Upon receipt of notice of an ex parte or off-the-record communication, the
16 chairperson may recommend recusal of the recipient, and this recusal shall be
17 affirmed by a majority of a quorum of the commission voting at a special or
18 regular meeting. In determining whether to recommend recusal of a
19 commissioner, the chairperson shall consider whether, based on the
20 circumstances surrounding the ex parte or off-the-record communication and the
21 recipient's conduct with respect to it, the recipient's further participation in the
22 decision-making process would diminish public confidence in the commission's
23 integrity and that of its processes and procedures.

24 (5) Initiation of ex parte or off-the-record communication by a commissioner may
25 constitute cause for removal from the commission.

26 (6) Initiation of ex parte or off-the-record communication for the purpose of
27 influencing a commissioner's decision with respect to any matter pending before

1 the commission by an:

2 (a) Applicant or licensee;

3 (b) Applicant or licensee's affiliates, owners, or persons who have control of the
4 applicant or licensee; or

5 (c) Agent of an applicant, licensee, or persons who have control of the
6 applicant or licensee;

7 may constitute cause for denial, suspension, revocation, or nonrenewal of a
8 license.

9 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
10 READ AS FOLLOWS:

11 (1) The Governor shall appoint an executive director who shall serve as the chief
12 executive officer of the commission. The executive director shall serve a term of
13 four (4) years and may be reappointed.

14 (2) The executive director and any member of the executive director's family, at the
15 time of appointment and during the time of service as executive director, shall
16 not:

17 (a) Be a member of the Kentucky General Assembly, a person holding any
18 elective office in the state government, or any officer or official of any
19 political party; or

20 (b) Have any pecuniary or ownership interest in, engage in any loan or credit
21 transaction with, be employed by or hold a position with, or have any
22 ownership or managerial position in any business or professional
23 organization that:

24 1. Provides goods or services to;

25 2. Engages in line of credit transactions with; or

26 3. Otherwise does business with;

27 any licensee or any other person engaged in a business relating to

1 gambling.

2 (3) The executive director shall:

3 (a) Be engaged full-time in fulfilling the duties imposed under this chapter and
4 in conducting the business of the commission and shall not pursue any
5 other business or occupation or hold any other office for profit;

6 (b) Be responsible for the management of the commission's affairs. The
7 executive director shall possess the powers and perform the duties assigned
8 to the executive director by this chapter and shall have other duties as the
9 commission directs;

10 (c) Hire employees necessary to carry out the functions of the commission. The
11 executive director shall fix the compensation of employees in accordance
12 with KRS Chapter 18A; and

13 (d) Serve as secretary of the commission and shall keep a full record of all
14 proceedings before the commission and shall preserve at the commission's
15 office all books, maps, documents, licenses, and other records of the
16 commission.

17 (4) The executive director and commission employees shall be reimbursed for actual
18 expenses incurred in the discharge of their official duties.

19 (5) The executive director and all employees of the commission shall be subject to all
20 applicable provisions of KRS Chapter 11A.

21 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
22 READ AS FOLLOWS:

23 (1) The commission shall begin processing applications for electronic gaming device
24 operator licenses no later than six (6) months after the effective date of this Act.

25 (2) An application for an operator's license shall include, at a minimum, the
26 following:

27 (a) The name, business address, and telephone number of:

- 1 1. The applicant;
- 2 2. Any attorney that may represent the applicant in matters before the
- 3 commission;
- 4 3. Any individual designated by the applicant as a contact person with
- 5 whom the commission shall communicate concerning the application;
- 6 and
- 7 4. Any individual who provides answers to questions set forth in the
- 8 application, makes statements in the application, or provides
- 9 documents or other information to be submitted to the commission in
- 10 connection with the application;
- 11 (b) The address of the applicant's principal place of business and all locations
- 12 at which the applicant plans to store, lease, rent, or otherwise use electronic
- 13 gaming devices;
- 14 (c) A description of the applicant's ownership structure and identification of
- 15 those who own, control, or are an affiliate of the applicant;
- 16 (d) A statement as to whether the applicant or those who own, control, or are
- 17 an affiliate of the applicant:
- 18 1. Possess or have possessed any license or other grant of authority in
- 19 Kentucky or any other state or foreign country regarding the
- 20 operation of a gaming facility, any gaming-related activity, or the
- 21 manufacture, design, assembling, selling, leasing, or otherwise
- 22 furnishing of gaming supplies and equipment;
- 23 2. Have had any license or other grant of authority referenced in
- 24 subparagraph 1. of this paragraph revoked, suspended, denied, or not
- 25 renewed, with a description of the reasons for loss of the license or
- 26 grant of authority;
- 27 3. Have been indicted for or convicted of a felony in Kentucky, any other

1 state, a federal court, or a foreign country. Documentation detailing
2 the charges, dates of the charges, the prosecuting authorities,
3 disposition of the charges, and sentencing shall be provided to the
4 commission;

5 4. Have been the subject of any voluntary or involuntary bankruptcy
6 proceeding;

7 5. Have been involved in a formal process to adjust, defer, suspend, or
8 resolve the payment of a debt; or

9 6. Have been served with a complaint or notice filed in a court or with
10 any government body concerning state, local, or federal tax
11 delinquency.

12 An applicant, owner, person in control, or affiliate of the applicant shall
13 supplement the application with any documentation or information
14 necessary to explain the circumstances addressed in subparagraphs 1. to 6.
15 of this paragraph, if applicable;

16 (e) A statement listing the names and titles of public officials or officers of any
17 unit of government in Kentucky and their family members who directly or
18 indirectly:

19 1. Have a financial or beneficial interest in;

20 2. Are the creditors of;

21 3. Hold a debt instrument issued by;

22 4. Have an interest in; or

23 5. Have a contractual or service relationship with;

24 the applicant if the pecuniary value of the relationship exceeds ten thousand
25 dollars (\$10,000) or the interest constitutes at least five percent (5%) of the
26 total ownership;

27 (f) Payment of an application fee not to exceed one million dollars

1 (\$1,000,000); and

2 (g) Any additional information required by the commission to approve or deny
3 the application.

4 (2) All applicants for, or holders of, an operator's license shall report to the
5 commission any material change in information required to be submitted in an
6 application within thirty (30) days after becoming aware of the change.

7 (3) If the commission receives information relating to a licensee that, if known at the
8 time of application, would have disqualified the licensee from obtaining a license,
9 the commission shall initiate an investigation of the licensee and shall suspend or
10 revoke the licensee's license unless the commission determines that revocation or
11 suspension of the license is not warranted based upon the facts and
12 circumstances presented.

13 (4) The burden of proving qualification for an operator's license shall rest with the
14 applicant.

15 (5) Upon approval of the issuance of an operator's license from the commission, an
16 operator shall:

17 (a) Apply to the local county government to seek the approval to provide
18 electronic gaming devices at a proposed location;

19 (b) Obtain from the commission an identifying sticker for each electronic
20 gaming device that is on the premises of the approved location;

21 (c) Pay the commission the required fee to register each machine at the
22 approved location; and

23 (d) Renew the registration of each electronic gaming device annually with the
24 commission.

25 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
26 READ AS FOLLOWS:

27 (1) (a) The owner or manager of a location which offers electronic gaming devices

1 shall ensure that each electronic gaming device on its premises contains a
2 sticker issued by the state.

3 (b) The sticker affixed on each electronic gaming device shall contain the
4 license number of the operator that supplies the electronic gaming device
5 and the expiration date of the operator's license.

6 (2) A convenience store shall not possess more than six (6) electronic gaming devices
7 on its premises.

8 (3) A truck stop shall not possess more than twelve (12) electronic gaming devices on
9 its premises.

10 (4) A private club licensed under KRS Chapter 243 shall not possess more than six
11 (6) electronic gaming devices on its premises.

12 (5) Every token submitted by a customer to the location for a payout shall include
13 the:

14 (a) Address of the location;

15 (b) License number of the machine that issued the token; and

16 (c) Amount paid to the customer.

17 (6) Locations shall submit to the commission a monthly report that details the net
18 proceeds from each electronic gaming device on its premises.

19 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
20 READ AS FOLLOWS:

21 (1) A local county government may:

22 (a) Review applications of operator licensees who wish to supply electronic
23 gaming devices to locations within a given county;

24 (b) Approve the number of electronic gaming devices allowed in a location; and

25 (c) Limit the number of electronic gaming devices to:

26 1. Not more than six (6) electronic gaming devices on the premises of a
27 convenience store;

- 1 2. Not more than twelve (12) electronic gaming devices on the premises
2 of a truck stop; and
3 3. Not more than six (6) electronic gaming devices on the premises of a
4 private club licensed under KRS Chapter 243.

5 (2) The local county government shall:

- 6 (a) Enact ordinances regulating the place and number of locations that offer
7 electronic gaming devices that do not conflict with Sections 1 to 12 of this
8 Act, Sections 13 to 18 of this Act, or the commission's administrative
9 regulations;
10 (b) Prohibit the use of electronic gaming machines at locations within its
11 territory through the passage of an ordinance; or
12 (c) Direct that the question of prohibiting locations from operating electronic
13 gaming devices within its territory be submitted to the voters of its territory
14 at the next regular election.

15 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
16 READ AS FOLLOWS:

- 17 (1) A person under the age of twenty-one (21) years shall be prohibited from playing
18 electronic gaming devices at any location in the Commonwealth.
19 (2) A licensed operator shall not have private discussion or dealings with local
20 county government employees.

21 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
22 READ AS FOLLOWS:

- 23 (1) A person who knowingly or intentionally does any of the following shall be guilty
24 of a Class A misdemeanor:
25 (a) Makes a false statement on a license application; or
26 (b) Permits a person less than twenty-one (21) years of age to play an electronic
27 gaming machine at any location.

1 (2) A person who knowingly or intentionally does any of the following shall be guilty
2 of a Class D felony:

3 (a) Uses, or possesses with the intent to use, a device to assist in:

4 1. Projecting the outcome of an electronic gaming device;

5 2. Analyzing the probability of the occurrence of an event relating to an
6 electronic gaming device; or

7 3. Analyzing the strategy for playing or betting to be used in the
8 electronic gaming device, except as permitted by the commission.

9 (b) Manufactures, sells, or distributes any gaming supplies or equipment
10 intended to be used to violate this chapter;

11 (c) Claims, collects, takes, or attempts to claim, collect, or take, money or
12 anything of value in or from an electronic gaming device by cheating;

13 (d) Uses or possesses counterfeit chips or tokens used in an electronic gaming
14 device;

15 (e) Except for a licensee or an employee of a licensee acting in the course of
16 the employee's employment, possesses a key or device designed for:

17 1. Opening, entering, or affecting the operation of an electronic gaming
18 device, drop box, or an electronic or a mechanical device connected
19 with an electronic gaming device; or

20 2. Removing coins, tokens, chips, or other contents of an electronic
21 gaming device; or

22 (f) Possesses materials used to manufacture a slug or device intended to be
23 used in a manner that violates this section.

24 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
25 READ AS FOLLOWS:

26 An operator's license can be revoked or suspended for the following causes:

27 (1) Providing electronic gaming devices to an unapproved location;

1 (2) Failing to provide monthly reports to the commission as required in Section 4 of
2 this Act; and

3 (3) Failure of the operator to comply with the provisions of Section 18 of this Act.

4 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) All initial license fees paid by gaming licensees pursuant to Section 7 of this Act
7 shall be deposited into the general fund and shall not be expended except
8 pursuant to an appropriation by the General Assembly.

9 (2) (a) There is hereby established in the State Treasury a revolving account to be
10 known as the Kentucky gaming account. The account shall be administered
11 by the commission. Interest earned on any moneys in the account shall
12 accrue to the account. Notwithstanding KRS 45.229, any moneys remaining
13 in the account at the close of the fiscal year shall not lapse but shall be
14 carried forward into the succeeding fiscal year.

15 (b) The fund shall consist of moneys received from the tax imposed by Section
16 15 of this Act, any fees, fines, and monetary penalties collected by the
17 commission, state appropriations, gifts, grants and federal funds.

18 (c) The commission shall retain sufficient funds to support its administrative
19 operations, not to exceed five million dollars (\$5,000,000) in each fiscal
20 year, which are hereby appropriated for that purpose.

21 (d) From the amounts deposited into the Kentucky gaming account which are
22 not retained by the commission for operating expenses, the commission
23 shall make monthly disbursements to the following, which are hereby
24 appropriated for that purpose:

25 1. Thirty-eight percent (38%) shall be distributed to the local sheriffs of
26 the counties in which the licensed machines are located. This
27 allocation shall be based proportionately on the tax dollars collected

1 by county to the total amount collected for all counties in the
2 preceding month;

3 2. Thirty-eight percent (38%) shall be distributed to the local county
4 governments of the counties in which the licensed machines are
5 located. This allocation shall be based proportionately on the tax
6 dollars collected by county to the total amount collected for all
7 counties in the preceding month; and

8 3. Twenty-four percent (24%) shall be distributed to the general fund as
9 the state's portion of the tax.

10 (e) Moneys deposited in the fund are hereby appropriated for the purposes set
11 forth in this section and shall not be appropriated or transferred by the
12 General Assembly for any other purposes.

13 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
14 READ AS FOLLOWS:

15 As used in Sections 14 to 18 of this Act, unless the context requires otherwise:

16 (1) "Electronic gaming device" has the same meaning as in Section 1 of this Act;

17 (2) "Local county government" has the same meaning as in Section 1 of this Act;

18 (3) "Location" has the same meaning as in Section 1 of this Act;

19 (4) "Net proceeds" has the same meaning as in Section 1 of this Act; and

20 (5) "Operator" has the same meaning as in Section 1 of this Act;

21 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
22 READ AS FOLLOWS:

23 (1) An excise tax is imposed on the operator of electronic gaming devices:

24 (a) At the rate of twenty-six (26%); and

25 (b) On the net proceeds made through an electronic gaming device located in
26 Kentucky.

27 (2) The tax imposed by this section shall be paid, collected, administered, and

1 distributed as provided in Sections 13 and 16 to 18 of this Act.

2 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) The department shall enforce the provisions of and collect the tax and penalties
5 imposed and other payments required by Sections 15 to 18 of this Act, and in
6 doing so it shall have the general powers and duties granted it in KRS Chapters
7 131 and 135, including the power to enforce, by an action in the Franklin Circuit
8 Court, the collection of the tax, penalties and other payments imposed or required
9 by Sections 15 to 18 of this Act.

10 (2) (a) The remittance of the taxes imposed by Section 15 of this Act shall be made
11 monthly to the department no later than the twentieth of the month
12 following the calendar month in which the net proceeds were collected, and
13 shall be accompanied by returns and reports as prescribed by the
14 department.

15 (b) All funds received by the department from the taxes imposed by Section 15
16 of this Act shall be paid into the State Treasury and shall be credited to the
17 Kentucky gaming account, established in Section 13 of this Act.

18 (c) Every electronic gaming device licensee shall keep its books and records in
19 such a manner that:

20 1. The amount wagered through each location and county can be
21 determined;

22 2. The print-outs, vouchers, or other records that reflect the amounts
23 wagered and the winnings paid out from the machine daily; and

24 3. In any other manner as the department may set forth by promulgating
25 administrative regulations in accordance with KRS Chapter 13A.

26 (d) The department shall, at all reasonable times, have access to all books,
27 records, adding machines, and all other electronic gaming device equipment

1 for the purpose of examining and checking the same and ascertaining
2 whether or not the proper amount or amounts due the state are being or
3 have been paid, regardless of whether such information is in the possession
4 of the operator licensee or the location of the electronic gaming device.

5 (e) All books and records of the electronic gaming device licensee required by
6 paragraph (c) of this subsection shall be open to inspection by the
7 department and the Kentucky Gaming Commission.

8 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
9 READ AS FOLLOWS:

10 Any person who violates any provision of Sections 14 to 18 of this Act shall be subject
11 to the uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
12 interest rate as defined in KRS 131.010(6).

13 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
14 READ AS FOLLOWS:

15 In addition to all other penalties provided in Sections 15 to 17 of this Act when the
16 electronic gaming device operator is licensed under Section 7 of this Act, the license
17 may be suspended, revoked, or its renewal refused by the Kentucky Gaming
18 Commission upon the failure of the operator to comply with Sections 14 to 18 of this
19 Act and administrative regulations promulgated by the department.

20 ➔Section 19. KRS 12.020 is amended to read as follows:

21 Departments, program cabinets and their departments, and the respective major
22 administrative bodies that they include are enumerated in this section. It is not intended
23 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
24 bureau, interstate compact, commission, committee, conference, council, office, or any
25 other form of organization shall be included in or attached to the department or program
26 cabinet in which they are included or to which they are attached by statute or statutorily
27 authorized executive order; except in the case of the Personnel Board and where the

1 attached department or administrative body is headed by a constitutionally elected
2 officer, the attachment shall be solely for the purpose of dissemination of information and
3 coordination of activities and shall not include any authority over the functions,
4 personnel, funds, equipment, facilities, or records of the department or administrative
5 body.

6 I. Cabinet for General Government - Departments headed by elected officers:

7 (1) The Governor.

8 (2) Lieutenant Governor.

9 (3) Department of State.

10 (a) Secretary of State.

11 (b) Board of Elections.

12 (c) Registry of Election Finance.

13 (4) Department of Law.

14 (a) Attorney General.

15 (5) Department of the Treasury.

16 (a) Treasurer.

17 (6) Department of Agriculture.

18 (a) Commissioner of Agriculture.

19 (b) Agricultural Development Board.

20 (c) Kentucky Agricultural Finance Corporation.

21 (7) Auditor of Public Accounts.

22 II. Program cabinets headed by appointed officers:

23 (1) Justice and Public Safety Cabinet:

24 (a) Department of Kentucky State Police.

25 1. Office of Administrative Services.

26 a. Division of Operational Support.

27 b. Division of Management Services.

- 1 2. Office of Operations.
- 2 a. Division of West Troops.
- 3 b. Division of East Troops.
- 4 c. Division of Special Enforcement.
- 5 d. Division of Commercial Vehicle Enforcement.
- 6 3. Office of Technical Services.
- 7 a. Division of Forensic Sciences.
- 8 b. Division of Information Technology.
- 9 (b) Department of Criminal Justice Training.
- 10 (c) Department of Corrections.
- 11 (d) Department of Juvenile Justice.
- 12 (e) Office of the Secretary.
- 13 (f) Office of Drug Control Policy.
- 14 (g) Office of Legal Services.
- 15 (h) Office of the Kentucky State Medical Examiner.
- 16 (i) Parole Board.
- 17 (j) Kentucky State Corrections Commission.
- 18 (k) Office of Legislative and Intergovernmental Services.
- 19 (l) Office of Human Resource Management.
- 20 1. Division of Human Resource Administration.
- 21 2. Division of Employee Management.
- 22 (m) Department of Public Advocacy.
- 23 (n) Office of Communications.
- 24 1. Information Technology Services Division.
- 25 (o) Office of Financial Management Services.
- 26 1. Division of Financial Management.
- 27 (p) Grants Management Division.

- 1 (2) Energy and Environment Cabinet:
- 2 (a) Office of the Secretary.
- 3 1. Office of Legislative and Intergovernmental Affairs.
- 4 2. Office of Legal Services.
- 5 a. Legal Division I.
- 6 b. Legal Division II.
- 7 3. Office of Administrative Hearings.
- 8 4. Office of Communication.
- 9 5. Mine Safety Review Commission.
- 10 6. Office of Kentucky Nature Preserves.
- 11 7. Kentucky Public Service Commission.
- 12 (b) Department for Environmental Protection.
- 13 1. Office of the Commissioner.
- 14 2. Division for Air Quality.
- 15 3. Division of Water.
- 16 4. Division of Environmental Program Support.
- 17 5. Division of Waste Management.
- 18 6. Division of Enforcement.
- 19 7. Division of Compliance Assistance.
- 20 (c) Department for Natural Resources.
- 21 1. Office of the Commissioner.
- 22 2. Division of Mine Permits.
- 23 3. Division of Mine Reclamation and Enforcement.
- 24 4. Division of Abandoned Mine Lands.
- 25 5. Division of Oil and Gas.
- 26 6. Division of Mine Safety.
- 27 7. Division of Forestry.

- 1 8. Division of Conservation.
- 2 9. Office of the Reclamation Guaranty Fund.
- 3 (d) Office of Energy Policy.
- 4 1. Division of Energy Assistance.
- 5 (e) Office of Administrative Services.
- 6 1. Division of Human Resources Management.
- 7 2. Division of Financial Management.
- 8 3. Division of Information Services.
- 9 (3) Public Protection Cabinet.
- 10 (a) Office of the Secretary.
- 11 1. Office of Communications and Public Outreach.
- 12 2. Office of Legal Services.
- 13 a. Insurance Legal Division.
- 14 b. Charitable Gaming Legal Division.
- 15 c. Alcoholic Beverage Control Legal Division.
- 16 d. Housing, Buildings and Construction Legal Division.
- 17 e. Financial Institutions Legal Division.
- 18 f. Professional Licensing Legal Division.
- 19 3. Office of Administrative Hearings.
- 20 4. Office of Administrative Services.
- 21 a. Division of Human Resources.
- 22 b. Division of Fiscal Responsibility.
- 23 (b) Office of Claims and Appeals.
- 24 1. Board of Tax Appeals.
- 25 2. Board of Claims.
- 26 3. Crime Victims Compensation Board.
- 27 (c) Kentucky Boxing and Wrestling Commission.

- 1 (d) Kentucky Horse Racing Commission.
 - 2 1. Office of Executive Director.
 - 3 a. Division of Pari-mutuel Wagering and Compliance.
 - 4 b. Division of Stewards.
 - 5 c. Division of Licensing.
 - 6 d. Division of Enforcement.
 - 7 e. Division of Incentives and Development.
 - 8 f. Division of Veterinary Services.
- 9 (e) Department of Alcoholic Beverage Control.
 - 10 1. Division of Distilled Spirits.
 - 11 2. Division of Malt Beverages.
 - 12 3. Division of Enforcement.
- 13 (f) Department of Charitable Gaming.
 - 14 1. Division of Licensing and Compliance.
 - 15 2. Division of Enforcement.
- 16 (g) Department of Financial Institutions.
 - 17 1. Division of Depository Institutions.
 - 18 2. Division of Non-Depository Institutions.
 - 19 3. Division of Securities.
- 20 (h) Department of Housing, Buildings and Construction.
 - 21 1. Division of Fire Prevention.
 - 22 2. Division of Plumbing.
 - 23 3. Division of Heating, Ventilation, and Air Conditioning.
 - 24 4. Division of Building Code Enforcement.
- 25 (i) Department of Insurance.
 - 26 1. Division of Health and Life Insurance and Managed Care.
 - 27 2. Division of Property and Casualty Insurance.

- 1 3. Division of Administrative Services.
- 2 4. Division of Financial Standards and Examination.
- 3 5. Division of Licensing.
- 4 6. Division of Insurance Fraud Investigation.
- 5 7. Division of Consumer Protection.
- 6 (j) Department of Professional Licensing.
- 7 1. Real Estate Authority.
- 8 **(k) Kentucky Gaming Commission.**
- 9 (4) Transportation Cabinet:
- 10 (a) Department of Highways.
- 11 1. Office of Project Development.
- 12 2. Office of Project Delivery and Preservation.
- 13 3. Office of Highway Safety.
- 14 4. Highway District Offices One through Twelve.
- 15 (b) Department of Vehicle Regulation.
- 16 (c) Department of Aviation.
- 17 (d) Department of Rural and Municipal Aid.
- 18 1. Office of Local Programs.
- 19 2. Office of Rural and Secondary Roads.
- 20 (e) Office of the Secretary.
- 21 1. Office of Public Affairs.
- 22 2. Office for Civil Rights and Small Business Development.
- 23 3. Office of Budget and Fiscal Management.
- 24 4. Office of Inspector General.
- 25 5. Secretary's Office of Safety.
- 26 (f) Office of Support Services.
- 27 (g) Office of Transportation Delivery.

- 1 (h) Office of Audits.
- 2 (i) Office of Human Resource Management.
- 3 (j) Office of Information Technology.
- 4 (k) Office of Legal Services.
- 5 (5) Cabinet for Economic Development:
- 6 (a) Office of the Secretary.
- 7 1. Office of Legal Services.
- 8 2. Department for Business Development.
- 9 3. Department for Financial Services.
- 10 a. Kentucky Economic Development Finance Authority.
- 11 b. Finance and Personnel Division.
- 12 c. IT and Resource Management Division.
- 13 d. Compliance Division.
- 14 e. Incentive Administration Division.
- 15 f. Bluegrass State Skills Corporation.
- 16 4. Office of Marketing and Public Affairs.
- 17 a. Communications Division.
- 18 b. Graphics Design Division.
- 19 5. Office of Workforce, Community Development, and Research.
- 20 6. Office of Entrepreneurship and Small Business Innovation.
- 21 a. Commission on Small Business Innovation and Advocacy.
- 22 (6) Cabinet for Health and Family Services:
- 23 (a) Office of the Secretary.
- 24 1. Office of the Ombudsman and Administrative Review.
- 25 2. Office of Public Affairs.
- 26 3. Office of Legal Services.
- 27 4. Office of Inspector General.

- 1 5. Office of Human Resource Management.
- 2 6. Office of Finance and Budget.
- 3 7. Office of Legislative and Regulatory Affairs.
- 4 8. Office of Administrative Services.
- 5 9. Office of Application Technology Services.
- 6 10. Office of Data Analytics.
- 7 (b) Department for Public Health.
- 8 (c) Department for Medicaid Services.
- 9 (d) Department for Behavioral Health, Developmental and Intellectual
- 10 Disabilities.
- 11 (e) Department for Aging and Independent Living.
- 12 (f) Department for Community Based Services.
- 13 (g) Department for Income Support.
- 14 (h) Department for Family Resource Centers and Volunteer Services.
- 15 (i) Office for Children with Special Health Care Needs.
- 16 (7) Finance and Administration Cabinet:
- 17 (a) Office of the Secretary.
- 18 (b) Office of the Inspector General.
- 19 (c) Office of Legislative and Intergovernmental Affairs.
- 20 (d) Office of General Counsel.
- 21 (e) Office of the Controller.
- 22 (f) Office of Administrative Services.
- 23 (g) Office of Policy and Audit.
- 24 (h) Department for Facilities and Support Services.
- 25 (i) Department of Revenue.
- 26 (j) Commonwealth Office of Technology.
- 27 (k) State Property and Buildings Commission.

- 1 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 2 (m) Kentucky Employees Retirement Systems.
- 3 (n) Commonwealth Credit Union.
- 4 (o) State Investment Commission.
- 5 (p) Kentucky Housing Corporation.
- 6 (q) Kentucky Local Correctional Facilities Construction Authority.
- 7 (r) Kentucky Turnpike Authority.
- 8 (s) Historic Properties Advisory Commission.
- 9 (t) Kentucky Higher Education Assistance Authority.
- 10 (u) Kentucky River Authority.
- 11 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 12 (w) Executive Branch Ethics Commission.
- 13 (x) Office of Fleet Management.
- 14 (8) Tourism, Arts and Heritage Cabinet:
 - 15 (a) Kentucky Department of Tourism.
 - 16 1. Division of Tourism Services.
 - 17 2. Division of Marketing and Administration.
 - 18 3. Division of Communications and Promotions.
 - 19 (b) Kentucky Department of Parks.
 - 20 1. Division of Information Technology.
 - 21 2. Division of Human Resources.
 - 22 3. Division of Financial Operations.
 - 23 4. Division of Purchasing.
 - 24 5. Division of Facilities.
 - 25 6. Division of Park Operations.
 - 26 7. Division of Sales, Marketing, and Customer Service.
 - 27 8. Division of Engagement.

- 1 9. Division of Food Services.
- 2 10. Division of Rangers.
- 3 (c) Department of Fish and Wildlife Resources.
- 4 1. Division of Law Enforcement.
- 5 2. Division of Administrative Services.
- 6 3. Division of Engineering, Infrastructure, and Technology.
- 7 4. Division of Fisheries.
- 8 5. Division of Information and Education.
- 9 6. Division of Wildlife.
- 10 7. Division of Marketing.
- 11 (d) Kentucky Horse Park.
- 12 1. Division of Support Services.
- 13 2. Division of Buildings and Grounds.
- 14 3. Division of Operational Services.
- 15 (e) Kentucky State Fair Board.
- 16 1. Office of Administrative and Information Technology Services.
- 17 2. Office of Human Resources and Access Control.
- 18 3. Division of Expositions.
- 19 4. Division of Kentucky Exposition Center Operations.
- 20 5. Division of Kentucky International Convention Center.
- 21 6. Division of Public Relations and Media.
- 22 7. Division of Venue Services.
- 23 8. Division of Personnel Management and Staff Development.
- 24 9. Division of Sales.
- 25 10. Division of Security and Traffic Control.
- 26 11. Division of Information Technology.
- 27 12. Division of the Louisville Arena.

- 1 13. Division of Fiscal and Contract Management.
- 2 14. Division of Access Control.
- 3 (f) Office of the Secretary.
- 4 1. Office of Finance.
- 5 2. Office of Government Relations and Administration.
- 6 (g) Office of Legal Affairs.
- 7 (h) Office of Human Resources.
- 8 (i) Office of Public Affairs and Constituent Services.
- 9 (j) Office of Arts and Cultural Heritage.
- 10 (k) Kentucky African-American Heritage Commission.
- 11 (l) Kentucky Foundation for the Arts.
- 12 (m) Kentucky Humanities Council.
- 13 (n) Kentucky Heritage Council.
- 14 (o) Kentucky Arts Council.
- 15 (p) Kentucky Historical Society.
- 16 1. Division of Museums.
- 17 2. Division of Oral History and Educational Outreach.
- 18 3. Division of Research and Publications.
- 19 4. Division of Administration.
- 20 (q) Kentucky Center for the Arts.
- 21 1. Division of Governor's School for the Arts.
- 22 (r) Kentucky Artisans Center at Berea.
- 23 (s) Northern Kentucky Convention Center.
- 24 (t) Eastern Kentucky Exposition Center.
- 25 (9) Personnel Cabinet:
- 26 (a) Office of the Secretary.
- 27 (b) Department of Human Resources Administration.

- 1 (c) Office of Employee Relations.
- 2 (d) Kentucky Public Employees Deferred Compensation Authority.
- 3 (e) Office of Administrative Services.
- 4 (f) Office of Legal Services.
- 5 (g) Governmental Services Center.
- 6 (h) Department of Employee Insurance.
- 7 (i) Office of Diversity, Equality, and Training.
- 8 (j) Office of Public Affairs.
- 9 (10) Education and Labor Cabinet:
- 10 (a) Office of the Secretary.
- 11 1. Office of Legal Services.
- 12 a. Workplace Standards Legal Division.
- 13 b. Workers' Claims Legal Division.
- 14 c. Workforce Development Legal Division.
- 15 2. Office of Administrative Services.
- 16 a. Division of Human Resources Management.
- 17 b. Division of Fiscal Management.
- 18 c. Division of Operations and Support Services.
- 19 3. Office of Technology Services.
- 20 a. Division of Information Technology Services.
- 21 4. Office of Policy and Audit.
- 22 5. Office of Legislative Services.
- 23 6. Office of Communications.
- 24 7. Office of the Kentucky Center for Statistics.
- 25 8. Board of the Kentucky Center for Statistics.
- 26 9. Early Childhood Advisory Council.
- 27 10. Governors' Scholars Program.

- 1 11. Governor's School for Entrepreneurs Program.
- 2 12. Foundation for Adult Education.
- 3 (b) Department of Education.
- 4 1. Kentucky Board of Education.
- 5 2. Kentucky Technical Education Personnel Board.
- 6 3. Education Professional Standards Board.
- 7 (c) Board of Directors for the Center for School Safety.
- 8 (d) Department for Libraries and Archives.
- 9 (e) Kentucky Environmental Education Council.
- 10 (f) Kentucky Educational Television.
- 11 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 12 (h) Department of Workforce Development.
- 13 1. Career Development Office.
- 14 2. Office of Vocational Rehabilitation.
- 15 a. Division of Kentucky Business Enterprise.
- 16 b. Division of the Carl D. Perkins Vocational Training Center.
- 17 c. Division of Blind Services.
- 18 d. Division of Field Services.
- 19 e. Statewide Council for Vocational Rehabilitation.
- 20 f. Employment First Council.
- 21 3. Office of Employer and Apprenticeship Services.
- 22 a. Division of Apprenticeship.
- 23 4. Kentucky Apprenticeship Council.
- 24 5. Division of Technical Assistance.
- 25 6. Office of Adult Education.
- 26 7. Office of the Kentucky Workforce Innovation Board.
- 27 (i) Department of Workplace Standards.

- 1 1. Division of Occupational Safety and Health Compliance.
- 2 2. Division of Occupational Safety and Health Education and
- 3 Training.
- 4 3. Division of Wages and Hours.
- 5 (j) Office of Unemployment Insurance.
- 6 (k) Kentucky Unemployment Insurance Commission.
- 7 (l) Department of Workers' Claims.
- 8 1. Division of Workers' Compensation Funds.
- 9 2. Office of Administrative Law Judges.
- 10 3. Division of Claims Processing.
- 11 4. Division of Security and Compliance.
- 12 5. Division of Specialist and Medical Services.
- 13 6. Workers' Compensation Board.
- 14 (m) Workers' Compensation Funding Commission.
- 15 (n) Kentucky Occupational Safety and Health Standards Board.
- 16 (o) State Labor Relations Board.
- 17 (p) Employers' Mutual Insurance Authority.
- 18 (q) Kentucky Occupational Safety and Health Review Commission.
- 19 (r) Workers' Compensation Nominating Committee.
- 20 (s) Office of Educational Programs.
- 21 (t) Kentucky Workforce Innovation Board.
- 22 (u) Kentucky Commission on Proprietary Education.
- 23 (v) Kentucky Work Ready Skills Advisory Committee.
- 24 (w) Kentucky Geographic Education Board.
- 25 III. Other departments headed by appointed officers:
- 26 (1) Council on Postsecondary Education.
- 27 (2) Department of Military Affairs.

- 1 (3) Department for Local Government.
- 2 (4) Kentucky Commission on Human Rights.
- 3 (5) Kentucky Commission on Women.
- 4 (6) Department of Veterans' Affairs.
- 5 (7) Kentucky Commission on Military Affairs.
- 6 (8) Office of Minority Empowerment.
- 7 (9) Governor's Council on Wellness and Physical Activity.
- 8 (10) Kentucky Communications Network Authority.

9 ➔Section 20. KRS 243.500 is amended to read as follows:

10 Any license may be revoked or suspended for the following causes:

- 11 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
12 any illegal alcoholic beverages on the licensed premises.
- 13 (2) Making any false, material statements in an application or renewal application for a
14 license or supplemental license.
- 15 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
16 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
17 or any act regulating the manufacture, sale, and transportation of alcoholic
18 beverages within two (2) consecutive years;
19 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
20 alcoholic beverages within two (2) consecutive years; or
21 (c) Any felony.
- 22 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
23 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
24 Congress relative to taxation, or for a violation of any related administrative
25 regulations promulgated by the Department of Revenue.
- 26 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
27 and 243.610, or granted under any Act of Congress relative to the regulation of the

1 manufacture, sale, and transportation of alcoholic beverages.

2 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
3 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
4 facility for betting or transmitting bets on horse races; or permitting to be set up,
5 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
6 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.

7 This subsection shall not apply to:

- 8 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
9 (b) The operation of a pari-mutuel system for betting, where authorized by law;
10 (c) The conduct of charitable gaming by a charitable organization licensed or
11 permitted under KRS Chapter 238;~~[-or]~~
12 (d) Special temporary raffles of alcoholic beverages under KRS 243.036 or
13 (e) Licensees regulated under Sections 1 to 12 of this Act and Sections 13 to 18
14 of this Act.

15 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

- 16 (a) The trafficking or possession upon the licensed premises of controlled or
17 illegal substances described in KRS Chapter 218A, including synthetic drugs;
18 (b) Knowingly permitting the trafficking or possession by patrons upon the
19 licensed premises of controlled or illegal substances described in KRS
20 Chapter 218A, including synthetic drugs; or
21 (c) Knowingly receiving stolen property upon the licensed premises.

22 (8) Failure to comply with the terms of a final order of the board.

23 ➔Section 21. For initial commission appointments to the Kentucky Gaming
24 Commission:

- 25 (a) One (1) member shall be appointed for a one (1) year term;
26 (b) Two (2) members shall be appointed for two (2) year terms;
27 (c) Two (2) members shall be appointed for three (3) year terms; and

- 1 (d) Two (2) members shall be appointed for a four (4) year term.